

STATE OF CONNECTICUT
HOUSE OF REPRESENTATIVES



J. BRENDAN SHARKEY
SPEAKER OF THE HOUSE

Thank you Chairman Miller, Chairwoman Osten, Representative Aman, Senator Linares and members of the Planning & Development Committee for the opportunity to express my support for SB-1070 AAC Payment in Lieu of Taxes (PILOT).

I have been more than public in stating my desire for real property tax reform in the state of Connecticut for quite a while. Before we accomplish this goal, it is vital that we make substantive and meaningful change in recognition of the impact the States' policies on tax exempt properties have on our local communities.

We can work to create a more fair and equitable system by changing how we distribute PILOT funds. My colleague and fellow leader Senator Looney has been a tireless advocate for our municipalities that face an unfair burden due to the amount of tax exempt properties that fall within their boundaries and I lend my support to his efforts.

This legislation would look to return some fairness to our current system. The proposal would look to break our municipalities into three tiers based upon the total amount or percentage of tax exempt property they have within their town. Each tier would consist of a third of the municipalities. Properties that are eligible to be reimbursed through the State PILOT, College and Hospital PILOT and other non-profit properties would be the factors calculated into the formula. Basically, the two PILOT programs would be combined into one funding pool.

The first tier would be for the towns that have the highest amount of tax exempt property. Their reimbursement rate would be 40% of the PILOT eligible allocation. The second tier towns would receive 33% reimbursement and the third tier would receive 27% reimbursement from the State.

Currently towns are receiving approximately 34% reimbursement for the College and Hospital Pilot and 23% reimbursement for State PILOT.

Our larger municipalities have the highest amount of tax exempt properties. The combination of state, college and hospital and other tax exempt property is eroding our local tax bases and a disproportionate burden is being shouldered by the municipalities that can least afford it. The proof is often witnessed by escalating mill rates. These municipalities are facing the fact that they are losing more and more taxable properties every day with less and less homeowners and businesses paying their fair share. It is becoming more problematic to provide the necessary services taxpayers demand and expect.

It is up to us to step up and stop the erosion of our tax bases. It is important that we provide equity in our statutory formulas and this bill tackles the PILOT programs. It is part of a bigger picture that is creating a fairer property tax system in Connecticut.

I urge all members of this committee to support this legislation and join us in reforming our property tax system.